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Mr. W. Timothy Lough, Ph.D., P. E.  
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P.O. Box 1197  
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Reference: your June 22, 2005 letter regarding SB 783

Dear Mr. Lough,

Thank you for requesting my input on this very important analysis. I represent the Kincaid Forest Homeowners Association (KFHOA) and we are interested in improving the SCC Transmission Line Applications Process. In our opinion the current process has changed little from the 1940's when the only option was to use overhead transmission lines. This can be illustrated by paragraph 3 of the Typical Transmission Line Application Process you provided. Paragraph 3 makes it quite clear that overhead transmission lines are the preferred solution. That may have been true in the 1940's, but it is not true any more. Today underground transmission lines can compete on a cost basis if you factor in life cycle costs, negative impacts on property taxes, and other considerations.

Reference question 1: During step 2 of the application process, qualified localities should inform the SCC and the Applicant that they wish the Applicant to propose an underground alternative(s). Since the request comes prior to filing, the locality can't be a respondent.

Reference question 2: Initially the Applicant should develop and submit the requested underground transmission line alternative(s). In a lot of cases, the transmission line will be passing through the locality and provide no positive impact, only negative impacts. It would not be fair to further impact the locality by requiring them to pay to develop and submit detailed proposals for the SCC. Next, most localities don't have the funds or expertise required to do this nor should they. All Applicants utilities should or need to have the expertise required to develop underground alternatives. The Applicant utility should cover the cost. Developing required alternatives is just part of doing business.

Reference question 3: In the event the requesting locality objects to the Applicants proposed underground alternative, they may develop and submit their own proposal to the SCC. I recommend their submission be provided at step 15 of the Application Process.

Reference question 4: The Applicant utility should have the obligation to develop an underground alternative if a qualifying locality requests it. Step 2 of the Application Process should identify a locality's valid requirement for an underground alternative and facilitate an agreement between the Applicant and the Locality on an acceptable alternative(s). In my opinion, the cost of developing legally required underground alternative(s) must be covered by the Applicant utility. As stated above, some localities may derive no benefit from a transmission line running through them. To force them to pay for the development and submission of alternative(s) would be unfair. Localities are not in the transmission line business. They don't budget funds to design underground transmission lines nor do they have the expertise, Applicant utilities do.

Reference question 5: As I stated in my opening remarks, the SCC needs to take into consideration all cost factors to include indirect costs. I recommend the SCC Staff prepare a document for SCC Commissioners approval that identifies all direct and indirect costs that must be addressed by the Applicant for all proposed overhead and underground transmission line routes. Direct costs cover such familiar things as cost of land/easements, cost of construction, life cycle costs, etc. Indirect costs cover lower property values, impact on historical sites, lower property taxes, lower recording fees, lower real estate commissions, etc. It should be noted that some of the indirect costs occur every year (lower property tax) and therefore are cumulative over the life cycle of the transmission line. I understand it is the Commissioner's job to approve the route that is leased costly to the ratepayer. I would respectfully point out that the individual homeowners, business owners, and city, county, and state governments negatively impacted by the indirect cost are ratepayers also. By not factoring in the indirect costs the SCC is taking something of value without just compensation. As the population of Virginia grows it is only a matter of time before this issue goes to the courts. I strongly recommend the Staff prepare the recommended document for the Commissioner's approval. It is time to get every one on the same page.

Thanks again for permitting me to participate.

Sincerely yours,

Jerry Shamla  
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